Growth of the Internet has presented individuals with quick access to unlimited information. With an estimated 100 million users connected by year's end, its popularity is unmistakable.

Logically, entrepreneurs are catering to this growth through online sales. We are now seeing the online sale of books, airline tickets, and computer software. New companies are being created and old companies are adapting to provide products and services via the Internet. Companies such as Amazon.com and Dell computers are leading the way. Of course, large numbers of small businesses are focusing on Internet sales as well. Electronic Commerce generated an estimated $8 billion last year and is projected to generate over $300 billion in 2002.

Mr. President, we must not underestimate the benefits of such growth. It leads to the creation of new businesses and jobs. And while companies that do this well will reap tremendous rewards, consumers will be the ultimate winners. They will benefit from the convenience and efficiency of electronic commerce. Furthermore, growth in Internet sales will lead to increased competition, bringing consumer choice and lower prices. I, therefore, believe it's vital that we protect this emerging industry.

By placing a two-year moratorium on Internet access tax and discriminatory taxes on electronic commerce, the Internet Tax Freedom Act is a strong step in the right direction. I understand that many businesses may not have the resources or may choose not to engage in Internet sales. This bill doesn't discriminate against these companies by creating a tax haven for their competitors. It applies only to those taxes which specifically target the Internet. It, in effect, prevents discrimination against companies engaged in Internet sales.

Mr. President, the Internet Tax Freedom Act is a bipartisan bill which will ensure the vitality of our nation's electronic commerce. Today, I offer my full support for this commonsense legislation.●

STUDENT LOAN FLEXIBILITY

● Mr. GREGG. Mr. President, if I could have the attention of the distinguished chairman of the Committee, Senator JEFFORDS, I would like to engage him in a brief discussion of a proposal that was raised during Senate consideration of the higher education reauthorization bill.

As the chairman will recall, the managers' amendment offered during Senate consideration included sense-of-the-Senate language regarding the need for greater flexibility in federal student loan programs. Specifically, there were some of us interested in increasing the annual limits on unsubsidized loans while maintaining the aggregate limits, so that students could take greater advantage of federal loans available at lower interest rates. Unfortunately, a substantive amendment to advance that proposal was scored by the Congressional Budget Office (CBO) as increasing mandatory spending, and adequate offsets could not be found.

My purpose in raising this matter again today is to elicit from the chairman an indication of his support for this loan flexibility proposal on a substantive policy basis, in the hope that, if we can ever find the additional resources necessary to cover its costs, we might enjoy the chairman's support in pressing for its enactment.

Mr. JEFFORDS. Mr. President, I agree with the Senator from New Hampshire that one of the main obstacles to the adoption of the loan flexibility proposal was the cost implications raised by CBO. In fact, budget considerations prevented us from making a number of beneficial changes in the Act which I know members would have liked to have provided. I am favorably disposed to the loan flexibility proposal on a substantive policy basis, and I am willing to continue to work with the Senator from New Hampshire and other interested parties to gain its enactment.

Mr. GREGG. Mr. President, I very much appreciate the chairman's comments and his support and look forward to our continued work together.●

300TH ANNIVERSARY OF THE CITY OF PENSACOLA, FL

● Mr. MACK. Mr. President, I rise today in honor of the 300th anniversary of the City of Pensacola, Florida. Although November 21, 1998 will mark the 300th anniversary of the continuous settlement of Pensacola, the origins of Pensacola are much older.

In 1559, Don Tristán de Luna y Arellano led the first authorized attempt to colonize what eventually became known as Pensacola. The first attempt at colonization failed, however, and the Spanish were forced to withdraw in 1561. The Spanish did not attempt to colonize the area again until 1698.

Since 1698, Pensacola has flown the Spanish flag, the French flag, the British flag, the Confederate flag, and the American flag over the City. Each flag left its mark upon the City and their historical presence is still evident today. Pensacola honors its heritage each year with the Fiesta of Five Flags celebration.

The presence of the United States Navy has also had an impact upon Pensacola. In the 1820s, a Navy Yard was established in Pensacola. The Navy Yard was closed in 1911, but in a few short years Pensacola was selected as the site of a ''Naval flying school.'' Today, pilots still seek flight training at the Pensacola Naval Air Station which has been called the ''Cradle of Naval Aviation.''

Pensacola's deep and sheltered bay, sugar white beaches, friendly residents, and Southern hospitality continues to charm visitors today. Over the past three hundred years, the community has hosted such visitors as General Andrew Jackson and entertainer Bob Hope.

On November 21, 1998, Pensacola will celebrate its 300th anniversary at the site of the former Spanish settlement which today is part of the Pensacola Naval Air Station. This historic event will be commemorated with a celebration which will include a parade and fireworks.

As a United States Senator from the State of Florida, it gives me great pleasure to wish the City of Pensacola a happy 300th anniversary. I wish the City of Pensacola all the best for a fun-filled celebration.●

COSPONSORSHIP OF S. 2426, THE UNIFORMED SERVICES FILING FAIRNESS ACT OF 1998

● Mr. ABRAHAM. Mr. President, I rise today to voice my support for Senate Bill 2426, ''The Uniformed Services Filing Fairness Act of 1998.'' I believe this legislation will work to give much assistance to our men and women abroad in uniform. As we continue to ask for increased responsibilities from our servicemembers, let us not punish these same stewards with unfair tax return deadlines. Due to the remote deployment of many in the uniformed service, these tax deadlines become nearly impossible to meet. In my view, this presents the Senate with an opportunity to provide a measure of relief to servicemembers already stretched to their limits by those repeated and remote deployments.

In my view, this needed legislation is both fair-minded and fiscally responsible. I urge my colleagues to join me in cosponsoring this bill.●

SUBMITTING CHANGES TO THE APPROPRIATIONS COMMITTEE ALLOCATION

● Mr. DOMENICI. Mr. President, section 314(b)(1) of the Congressional Budget Act, as amended, requires the Chairman of the Senate Budget Committee to adjust the appropriate budgetary aggregates and the allocation for the Appropriations Committee to reflect an amount provided and designated as an emergency requirement pursuant to 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act.

I hereby submit revisions to the 1999 Senate Appropriations Committee allocation, pursuant to section 302 of the Congressional Budget Act, in the following amounts:

	Budget authority	Outlays
Current Allocation:		
Defense discretionary	271,570,000,000	266,635,000,000
Nondefense discretionary	255,634,000,000	265,414,000,000
Violent Crime reduction fund	5,800,000,000	4,953,000,000
Highways	....	21,885,000,000
Mass transit	....	4,401,000,000
Mandatory	299,159,000,000	291,731,000,000
Total	832,163,000,000	855,019,000,000

	Budget authority	Outlays
Adjustments:		
Defense discretionary		
Nondefense discretionary	+4,258,000,000	+4,071,000,000
Violent Crime reduction fund		
Highways		
Mass transit		
Mandatory		
Total	+4,258,000,000	+4,071,000,000
Revised Allocation:		
Defense discretionary	271,570,000,000	266,635,000,000
Nondefense discretionary	259,892,000,000	269,485,000,000
Violent Crime reduction fund	5,800,000,000	4,953,000,000
Highways		21,885,000,000
Mass transit		4,401,000,000
Mandatory	299,159,000,000	291,731,000,000
Total	836,421,000,000	859,090,000,000•

FEDERAL EMPLOYEES LIFE INSURANCE IMPROVEMENT ACT

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of calendar No. 590, H.R. 2675.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2675) to require that the Office of Personnel Management submit proposed legislation under which group universal life insurance and group variable universal life insurance would be available under chapter 87 of title 5, United States Code, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Governmental Affairs, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Federal Employees Life Insurance Improvement Act''.

SEC. 2. STUDY AND REPORT ON CERTAIN LIFE INSURANCE OPTIONS OFFERED TO FEDERAL EMPLOYEES.

(a) IN GENERAL.—Not later than July 31, 1998, the Office of Personnel Management shall conduct a study on life insurance options for Federal employees described under subsection (b) and submit a report to Congress.

(b) STUDY AND REPORT.—The study and report referred to under subsection (a) shall—

(1) survey and ascertain the interest of Federal employees in an offering under chapter 87 of title 5, United States Code, of insurance coverage options relating to—

(A) group universal life insurance;

(B) group variable universal life insurance; and

(C) additional voluntary accidental death and dismemberment insurance; and

(2) include any comments, analysis, and recommendations of the Office of Personnel Management relating to such options.

SEC. 3. REPEAL OF MAXIMUM LIMITATION ON EMPLOYEE INSURANCE.

Chapter 87 of title 5, United States Code, is amended—

(1) in section 8701(c), in the first sentence, by striking the comma immediately following ''$10,000'' and all that follows and inserting a period; and

(2) in section 8714b(b), in the first sentence, by striking ''except'' and all that follows and inserting a period.

SEC. 4. FOSTER CHILD COVERAGE.

Section 8701(d)(1)(B) of title 5, United States Code, is amended by inserting ''or foster child'' after ''stepchild'' both places it appears.

SEC. 5. INCONTESTABILITY OF ERRONEOUS COVERAGE.

Section 8706 of title 5, United States Code, as amended by section 5(2), is further amended by adding at the end the following new subsection:

''(g) The insurance of an employee under a policy purchased under section 8709 shall not be invalidated based on a finding that the employee erroneously became insured, or erroneously continued insurance upon retirement or entitlement to compensation under subchapter I of chapter 81 of this title, if such finding occurs after the erroneous insurance and applicable withholdings have been in force for 2 years during the employee's lifetime.''.

SEC. 6. DIRECT PAYMENT OF INSURANCE CONTRIBUTIONS.

Chapter 87 of title 5, United States Code, is amended—

(1) in section 8707—

(A) in subsection (a), by striking ''(a) During'' and inserting ''(a) Subject to subsection (c)(2), during'';

(B) in subsection (b), by striking ''(b)(1) Whenever'' and inserting ''(b)(1) Subject to subsection (c)(2), whenever''; and

(C) in subsection (c), by inserting ''(1)'' immediately after ''(c)'' and by adding at the end the following new paragraph:

''(2) An employee who is subject to withholdings under this section and whose pay, annuity, or compensation is insufficient to cover such withholdings may nevertheless continue insurance if the employee arranges to pay currently into the Employees' Life Insurance Fund, through the agency or retirement system that administers pay, annuity, or compensation, an amount equal to the withholdings that would otherwise be required under this section.'';

(2) in section 8714a(d), by adding at the end the following new paragraph:

''(3) Notwithstanding paragraph (1), an employee who is subject to withholdings under this subsection and whose pay, annuity, or compensation is insufficient to cover such withholdings may nevertheless continue optional insurance if the employee arranges to pay currently into the Employees' Life Insurance Fund, through the agency or retirement system which administers pay, annuity, or compensation, an amount equal to the withholdings that would otherwise be required under this subsection.'';

(3) in section 8714b(d), by adding at the end the following new paragraph:

''(3) Notwithstanding paragraph (1), an employee who is subject to withholdings under this subsection and whose pay, annuity, or compensation is insufficient to cover such withholdings may nevertheless continue additional optional insurance if the employee arranges to pay currently into the Employees' Life Insurance Fund, through the agency or retirement system which administers pay, annuity, or compensation, an amount equal to the withholdings that would otherwise be required under this subsection.''; and

(4) in section 8714c(d), by adding at the end the following new paragraph:

''(3) Notwithstanding paragraph (1), an employee who is subject to withholdings under this subsection and whose pay, annuity, or compensation is insufficient to cover such withholdings may nevertheless continue optional life insurance on family members if the employee arranges to pay currently into the Employees' Life Insurance Fund, through the agency or retirement system that administers pay, annuity, or compensation, an amount equal to the withholdings that would otherwise be required under this subsection.''.

SEC. 7. ADDITIONAL OPTIONAL LIFE INSURANCE CONTINUATION AND PORTABILITY.

(a) IN GENERAL.—Section 8714b of title 5, United States Code, is amended—

(1) in subsection (c)—

(A) by striking the last 2 sentences of paragraph (2); and

(B) by adding at the end the following:

''(3) The amount of additional optional insurance continued under paragraph (2) shall be continued, with or without reduction, in accordance with the employee's written election at the time eligibility to continue insurance during retirement or receipt of compensation arises, as follows:

''(A) The employee may elect to have withholdings cease in accordance with subsection (d), in which case—

''(i) the amount of additional optional insurance continued under paragraph (2) shall be reduced each month by 2 percent effective at the beginning of the second calendar month after the date the employee becomes 65 years of age and is retired or is in receipt of compensation; and

''(ii) the reduction under clause (i) shall continue for 50 months at which time the insurance shall stop.

''(B) The employee may, instead of the option under subparagraph (A), elect to have the full cost of additional optional insurance continue to be withheld from such employee's annuity or compensation on and after the date such withholdings would otherwise cease pursuant to an election under subparagraph (A), in which case the amount of additional optional insurance continued under paragraph (2) shall not be reduced, subject to paragraph (4).

''(C) An employee who does not make any election under the preceding provisions of this paragraph shall be treated as if such employee had made an election under subparagraph (A).

''(4) If an employee makes an election under paragraph (3)(B), that individual may subsequently cancel such election, in which case additional optional insurance shall be determined as if the individual had originally made an election under paragraph (3)(A).

''(5)(A) An employee whose additional optional insurance under this section would otherwise stop in accordance with paragraph (1) and who is not eligible to continue insurance under paragraph (2) may elect, under conditions prescribed by the Office of Personnel Management, to continue all or a portion of so much of the additional optional insurance as has been in force for not less than—

''(i) the 5 years of service immediately preceding the date of the event which would cause insurance to stop under paragraph (1); or

''(ii) the full period or periods of service during which the insurance was available to the employee, if fewer than 5 years,

at group rates established for purposes of this section, in lieu of conversion to an individual policy. The amount of insurance continued under this paragraph shall be reduced by 50 percent effective at the beginning of the second calendar month after the date the employee or former employee attains age 70 and shall stop at the beginning of the second calendar month after attainment of age 80, subject to a provision for temporary extension of life insurance coverage and for conversion to an individual policy of life insurance under conditions approved by the Office. Alternatively, insurance continued under this paragraph may be reduced or stopped at any time the employee or former employee elects.

''(B) When an employee or former employee elects to continue additional optional insurance under this paragraph following separation from service or 12 months without pay, the insured individual shall submit timely payment of the full cost thereof, plus any amount the Office determines necessary to cover associated administrative expenses, in such manner as the Office shall prescribe by regulation. Amounts required under this subparagraph shall be deposited, used, and invested as provided under section 8714 and shall be reported and accounted for together with amounts withheld under section 8714a(d).